Postal Regulatory Commission
Submitted 10/10/2019 2:18:12 PM
Filing ID: 110646
Accepted 10/10/2019

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Public Inquiry on the Methodology to Estimate the Value of the Postal Service Letter and Mailbox Monopolies

Docket No. PI2020-1

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued October 10, 2019)

To further assist the Commission in its public inquiry concerning potential methodological changes to the computation of the estimated values of both the combined letter and mailbox monopolies and the mailbox monopoly alone,[1] the Postal Service is requested to provide written responses to the following questions. The responses should be provided as soon as possible, but no later than October 17, 2019.

1. The following questions relate to the differences between the Carrier Cost System (CCCS) manual sample and the CCCS Digital Delivery Point Sequence (DPS) sample.

   a. Please refer to the CCCS manual sample route-day SAS data documentation (City Z File) in the FY 2018 Annual Compliance Report.[2] The SAS variable "TESTID" is described as the "Identification number for

[1] Notice and Order Providing an Opportunity to Comment, October 1, 2019 (Order No. 5260).

[2] *See* Docket No. ACR2018, Library Reference USPS-FY18-34, December 28, 2018, PDF file "USPS-FY18-34_CCCS_Preface.pdf" (Docket No. ACR2018, Library Reference USPS-FY18-34, Preface).

[the] test" and the SAS variable "STRATUM" is described as the "Stratum in which the route (testid) exists."[3]

i. Please confirm that the "TESTID" identifies a specific route and day in the specified sample stratum.[4]

ii. If not confirmed, please provide the descriptions in terms related to the sample design of what the "TESTID" variable represents in the CCCS manual sample route-day SAS data file.

b. Please refer to the CCCS ZIP Code-day digital DPS SAS data documentation (City Digital DPS Z File) in the FY 2018 Annual Compliance Report. *Id.* at 41. The SAS variable "TESTID" is described as the "Identification number for [the] test" and the SAS variable "STRATUM" is described as the "Stratum in which the route (testid) exists." *Id.*

i. Please confirm that the descriptions for the City Digital DPS Z file, "TESTID" and "STRATUM" SAS variables are correct.

ii. If the answer to question 6.i. is no, please provide revised definition(s). Please explain how the same named SAS variables in the City Z File differ from the identically-named SAS variables in the City Digital DPS Z File.

iii. Please explain the relationship (if any) between the SAS variable "TESTID" values that are the identical in both the City Z File and the City Digital DPS Z File.

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[3] *See* Docket No. ACR2018, Library Reference USPS-FY18-34, Preface at 35.

[4] There are three CCCS strata in the CCCS route-day estimation methodology. Specifically, the "TESTID" represents a sampled route and day that is either from "zones with 5 or fewer routes…," a route and day sampled from "zones with 6 or more routes and business routes," or a route and day sampled from "zones with 6 or more routes and residential routes." *See id.* at 4.

iv. Please specify whether the "TESTID" values that are identical in both the City Z File and the City Digital DPS Z File were sampled on the same route-day. If not, please explain why not.

v. Please discuss whether the CCCS digital ZIP Code-day DPS volumes could be linked to the manually sampled CCCS route-day delivered volumes to estimate total volume delivered for the sampled route-day. If applicable, please explain how this linkage could be accomplished including any weighting necessary to estimate all city carrier routes total delivered volume.

vi. Please discuss whether the manually sampled route-day delivered volumes could be linked to the digital ZIP Code-Day DPS delivered volumes to estimate total volume delivered for the ZIP Code-day. If applicable, please explain how this linkage could be accomplished including any weighting necessary to estimate total city carrier routes delivered volume.

vii. Please explain whether the CCCS manual and digital sample SAS datasets contain the 5-Digit ZIP Code identifier for each sample record. If not, please explain whether the Postal Service could add 5-Digit ZIP Code identifiers to the manual and digital CCCS SAS datasets.

2. The CCCS manual sample is a stratified random sample of letter route-days. *Id.* at 4. The CCCS manual sample has three letter route strata: (1) zones with 5 or fewer routes…, (2) zones with 6 or more routes and business routes, and (3) zones with 6 or more routes and residential routes. *Id.* Within each stratum, routes are geographically ordered, and a systematic sample of route-days is selected. *Id*.

a. Please confirm that the term "zones" is the same as ZIP Codes.

i. If the response to question 2.a. is not confirmed, please explain the difference(s) between zones and ZIP Codes.

ii. If the response to question 2.a. is confirmed, please explain whether the ZIP Codes in the quarterly CCCS manual sample are the same ZIP Codes as those in the quarterly CCCS DPS digital sample.

b. Please explain whether DPS volume mail products and characteristics differ on routes in: "zones with 5 or fewer routes," "zones with 6 or more routes and business routes," and "zones with 6 or more routes and residential routes."

c. Please clarify the meaning of "…and business routes" in the sample stratum description. *Id.* Please include in your response a description of how "business routes" are determined.

d. Please clarify the meaning of "…and residential routes" in the sample stratum description. *Id.* Please include in your response a description of how "residential routes" are determined.

e. For routes in "zones with 5 or fewer routes…," please discuss whether the terms "residential routes" and "business routes" apply.

f. Please provide the total number of routes per CCCS manual sample stratum in each FY 2017 and FY 2018 quarter. Please discuss the reason(s) for any increases or decreases in the stratum total number between these fiscal year quarters.

g. Please provide the number of routes sampled per CCCS manual sample stratum in each FY 2017 and FY 2018 quarter. Please discuss the reason(s) for any increases or decreases in the number of routes sampled in each stratum between these fiscal year quarters.

h. Please provide the number of days sampled for the CCCS manual sample in each FY 2017 and FY 2018 quarter. Please discuss the reason(s) for any increases or decreases in the number of days sampled in each stratum between these fiscal years.

3. The CCCS DPS digital sample is a stratified random sample of ZIP Code-days. *Id.* at 28-29. The CCCS DPS digital sample has six ZIP Code strata. ZIP Codes with: (1)More than 20 city routes with business deliveries >=0.15 [percent], (2)More than 20 city routes with business deliveries < 0.15 [percent], (3)11-20 city routes with business deliveries >=0.15 [percent], (4)11-20 city routes with business deliveries < 0.15 [percent], (5)“10 or less city routes with business deliveries >=0.15 [percent], and (6)10 or less city routes with business deliveries < 0.15 [percent]. *Id.* at 29-30. Within each stratum, a systematic random sample of ZIP Code-days is selected. *Id.*

a. Please describe the DPS mail types and characteristics for ZIP Codes in the “More than 20 city routes with business deliveries >= 0.15 [percent]” stratum. *Id.*

b. Please describe the DPS mail types and characteristics for ZIP Codes in the “More than 20 city routes with business deliveries < 0.15 [percent]” stratum. *Id.*

c. Please describe the DPS mail types and characteristics for ZIP Codes in the “11-20 city routes with business deliveries >= 0.15 [percent]” stratum. *Id.*

d. Please describe the DPS mail types and characteristics for ZIP Codes in the “11-20 city routes with business deliveries < 0.15 [percent]” stratum. *Id.*

e. Please describe the DPS mail types and characteristics for ZIP Codes in the "10 or less city routes with business deliveries >= 0.15 [percent]" stratum. *Id.*

f. Please describe the DPS mail types and characteristics for ZIP Codes in the "10 or less city routes with business deliveries < 0.15 [percent]" stratum. *Id.*

g. Please provide the total number of ZIP Codes per stratum in each FY 2018 quarter.

h. Please provide the number of ZIP Codes sampled per stratum in each FY 2018 quarter.

i. Please provide the number of days sampled per stratum in each FY 2018 quarter.

4. The Postal Service states that in the CCCS DPS digital methodology, it uses "actual End-of-Run data from [Delivery Operations Information System] DOIS"[5] and "End-of-Run totals for each ZIP CODE are included for use in expansion." *Id.* at 29. To distribute DPS volume to products, "mail characteristics [based on] digitally captured images of letter- and card- shaped mail from Delivery Barcode Sequence (DBCS) second pass operations" are used as a distribution key for the DOIS obtained DPS volume. *Id*. at 28.

a. Please describe how DOIS collects and can tabulate DPS volume.

b. Please describe the tabulation difference(s) between the DPS "actual End-of-Run data from DOIS" and "End-of-Run totals for each ZIP CODE."

c. Please specify whether the DOIS DPS volume at the sampled route-day tabulation level was used in the CCCS estimation process prior to

[5] *Id.* at 29-30.

FY 2018. If so, please discuss how the route-day DOIS DPS volume was distributed to mail products.

5. Please specify whether the DOIS DPS volume is available for the same route-days currently sampled in the manual CCCS.

   a. If the answer to question 5. is no, please explain why.

   b. If the answer to question 5. is yes, please discuss any available tabulations from the digital images that could potentially be used as a distribution key to distribute DPS volume to mail products for the route-day. In the response, please take into consideration any differences by stratum in the types of DPS mail products delivered for those types of routes and ZIP Codes.

   c. If the answer to question 5. is yes, please discuss potential schedule(s) as to when the Postal Service could provide FY 2018 DPS volume distributed to mail products at the CCCS route-day level data using a revised distribution key.

By the Chairman.

Robert G. Taub